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AUTHORITY: 7 U.S.C. 901 *et seq.*; Pub. L. 103–354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*); 7 U.S.C. 1921 *et seq.*; 5 U.S.C. 301, 552; 7 CFR 1.1–1.16.

SOURCE: 55 FR 39596, Sept. 28, 1990, unless otherwise noted.

Subpart A—Organization and Functions

SOURCE: 57 FR 6285, Feb. 24, 1992, unless otherwise noted.

§ 1700.1 General.

(a) The Rural Electrification Administration (REA) was established by Executive Order No. 7037, signed by the President on May 11, 1935. Statutory authority was provided by the Rural Electrification Act of 1936 (RE Act) (49 Stat. 1363; 7 U.S.C. 901). The RE Act established REA as a lending agency with responsibility for developing a program for rural electrification.

(b) On October 28, 1949, an amendment to the RE Act authorized REA to make loans to improve and extend telephone service in rural areas. The Rural Telephone Bank (RTB or the Bank), an Agency of the United States, was established by another amendment to the RE Act, approved May 7, 1971. The Administrator of RUS serves as the Bank's chief executive with the title of Governor. On May 11, 1973, the RE Act was further amended to establish a revolving fund and to provide authority for REA to guarantee loans made by other legally organized lenders. The RE Act was amended further on December 21, 1987, to establish a Rural Economic Development Subaccount, and to authorize funds from this subaccount to provide zero-interest loans and grants to REA borrowers to promote rural economic development and job creation. The RE Act was also amended on November 5, 1990, to add a new section 314, which authorized REA to guarantee 90 percent of the principal and interest of loans made for electric and telephone facilities by legally organized lenders. It was further amended on November 28, 1990, to establish an Assistant Administrator for Economic Development and a rural development technical assistance unit; to expand the authorities and responsibilities of REA in rural economic development; and to establish a Rural Business Incubator Fund for making grants and reduced interest loans to electric and telephone borrowers to promote business incubator projects. At the same time, the Administrator was also granted authority for financial assistance for distance learning and medical link programs.

(c) The Secretary of Agriculture (Secretary) was required to establish the Rural Utilities Service (RUS) pursuant to section 232 of the Federal Crop

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Insurance Reform and Department of Agriculture Reorganization Act of 1994, (Pub. L. 103-354, 108 Stat. 3178) (Reorganization Act). The Reorganization Act established RUS as successor to REA. On October 20, 1994, the Secretary abolished REA and established RUS. RUS was assigned responsibility for administering electric and telephone loan programs previously administered by REA, water and waste facility loans and grants previously administered by the Rural Development Administration, along with other functions as the Secretary determines appropriate. The rights, interests, obligations, duties, and contracts previously vested in REA are transferred to and vested in RUS. The Secretary designated the Administrator of RUS to serve as the Governor of RTB.

(d) The offices of RUS are located in the South Building of the United States Department of Agriculture at 14th and Independence Avenue, SW., Washington, DC 20250-1500. The Electric and Telephone Programs are administered by regional offices located at this same address. There is a Northern and a Southern Regional Office, along with a Power Supply Division, for the electric program, and an Eastern and a Western Regional Office for the telephone program. (See § 1700.4(b) and § 1700.5(b).)

[59 FR 66440, Dec. 27, 1994]

§ 1700.2 Office of the Administrator.

(a) The Administrator (who also serves as Governor of the RTB) is appointed by the President, with the advice and consent of the Senate, for a term of 10 years. The Administrator functions as the chief executive of the Agency under the general supervision and direction of the Under Secretary for Rural Economic and Community Development. The Administrator is aided directly by two Deputy Administrators and by Assistant Administrators for the Electric Program, the Telephone Program, for Economic Development and Technical Services, and for Management. The Financial Services Staff and the Equal Opportunity and Civil Rights Staff also report directly to the Administrator. The work of the Agency is carried out through the of-

fices and divisions described in this part.

(b) The Financial Services Staff performs the following functions:

(1) Evaluates financial conditions of financially troubled borrowers;

(2) Negotiates settlements and "work-outs" of financially troubled borrowers who have or may have delinquent loans in order to satisfy the government's interests, keeping abreast of financial and legal factors that may affect the negotiations;

(3) Coordinates the Agency's efforts to identify and develop strategies for potentially financially troubled borrowers;

(4) Develops techniques and criteria for evaluating the financial and operating performance of certain rural electric and telephone borrowers;

(5) Develops certain standards, policies, and procedures in connection with loan requirements and processing for the electric and telephone programs;

(6) Analyzes and evaluates certain loan requests and transactions to determine whether the documentation justifies the request;

(7) Serves as staff to the Senior Loan Committee;

(8) Keeps other government organizations advised concerning activities of the staff; and

(9) Serves as RUS liaison to the capital markets.

(c) The Equal Opportunity and Civil Rights Staff administers the program for equal opportunity in the delivery of services and benefits by RUS borrowers and in the employment practices in the Agency. The staff:

(1) Formulates and coordinates plans, policies and procedures for a nationwide program of nondiscrimination on the part of RUS borrowers in carrying out borrower programs subject to the provisions of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000a-2000h-6); section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 701 *et seq.*); the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107); the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 *et seq.*); and Executive Order 11246 (3 CFR, 1964-1965 Comp., p. 339), as amended by Executive Orders 11375 (3 CFR, 1966-1970 Comp., p. 684) and 12086 (3 CFR, 1978 Comp., p. 230).

(2) Develops and monitors plans, policies and programs designed to promote equal employment opportunity for RUS personnel under title VII of the Civil Rights Act of 1964; the Age Discrimination in Employment Act of 1967 (29 U.S.C. 621-634); the Equal Employment Opportunity Act of 1972 (42 U.S.C. 2000e *et seq.*); section 501 of the Rehabilitation Act of 1973; pertinent provisions of the Civil Service Reform Act of 1978 (5 U.S.C. 1101 *et seq.*); and applicable rules, regulations and other equal employment, nondiscrimination statutes.

§ 1700.3 Office of the Deputy Administrator—Program Operations.

The Deputy Administrator—Program Operations directs and coordinates the electric, telephone and rural economic development programs, technical services, and borrower accounting activities; reviews Agency policies in these areas and, as necessary, implement changes; and participates with the Administrator and other officials in planning and formulating the programs and activities of the Agency.

§ 1700.4 Rural electric program.

(a) The Assistant Administrator—Electric directs and coordinates the rural electrification program of the Agency, participating with the Administrator and Deputy Administrator—Program Operations and others in planning and formulating the programs and activities of the Agency.

(b) *Regional Offices.* (1) The two regional offices are the primary points of contact between RUS and electric distribution system borrowers. Each office administers the rural electric program for an assigned geographical area with assistance of field representatives located in areas assigned to them. The regional offices are composed of the following states and territories:

(i) *Northern Region.* Alaska, Connecticut, Delaware, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Vermont, Virginia, Washington, West Virginia, Wisconsin,

Wyoming, and present and former Pacific Trust Territories; and

(ii) *Southern Region.* Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Kansas, Louisiana, Mississippi, Missouri, Nebraska, Nevada, New Mexico, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Utah, and the Virgin Islands.

(2) The regional offices perform the following functions with respect to loan feasibility and security and accomplishment of the purposes of the RE Act:

(i) Administer the rural electrification program for distribution borrowers in the region, serving as the single point of contact for distribution borrowers;

(ii) Provide guidance to borrowers on Agency loan policies and procedures, and receives, evaluates, and processes insured and guaranteed loan applications and other requests for financing assistance;

(iii) If delegated the authority by the Administrator, Regional Directors may approve certain loans, lien accommodations and other actions;

(iv) Assure that distribution and transmission systems and facilities are designed and constructed in accordance with the terms of the loan and proper engineering practices and specifications;

(v) Maintain oversight of borrower rate actions;

(vi) Provide guidance to borrowers on supplemental power resources; load and energy management; and the environmental aspect of the design, construction and operation of their systems;

(vii) Maintain necessary oversight of borrowers' financial management and technical operations and practices to assure the security of the government's loans. Institute operations and management studies or other forms of corrective action as necessary;

(viii) Works to ensure accountability of loan and other financial transactions; and

(ix) Supplements efforts of the Equal Opportunity and Civil Rights Staff to ensure borrower compliance with civil rights requirements.

(c) *Power Supply Division.* The Division performs the following functions:

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(1) Administers rural electrification program responsibilities that relate to power supply borrowers, and serves as the primary point of contact between RUS and all such borrowers;

(2) Receives, evaluates, and processes insured and guaranteed loan applications and other requests for financial assistance from power supply borrowers;

(3) Develops and administers engineering and construction functions related to planning, design, construction, operation, and maintenance for power supply borrowers;

(4) Maintains a continuing financial and management overview of power supply borrowers to ensure that their operations are consistent with sound fiscal policies and procedures, loan security, and with RUS loan contracts, mortgages and regulatory requirements. Initiates operations and management studies or other forms of corrective action as necessary;

(5) Provide guidance to borrowers on supplemental power resources; load and energy management; and the environmental aspects of the design, construction and operations of their systems;

(6) Works to ensure accountability of loan and other financial transactions; and

(7) Supplements efforts of the Equal Opportunity and Civil Rights Staff to ensure borrower compliance with civil rights requirements.

(d) *Electric Staff Division.* This division administers certain engineering and operating activities relating to the rural electric program. The division:

(1) Is responsible for engineering aspects of RUS's standards, specifications and other requirements with respect to design, construction, and technical operation and maintenance of power-plant, distribution, and transmission systems and facilities, including load management, energy conservation and communications;

(2) Develops engineering practices, policies, standards, and guidelines for the Agency relating to electric borrowers' systems; conducts analysis and provides guidance on matters relating to fuels for electric generating stations; analyzes the effects of environmental laws and regulations on RUS-financed electric systems; and develops

related policies and procedures for the Agency;

(3) Develops criteria, procedures and analyses for improvement of the operating performance of electric borrowers;

(4) Develops procedures, criteria and techniques for forecasting borrowers' power requirements; and develops and maintains expertise in matters relating to retail and wholesale rates;

(5) Develops policies and procedures for adherence to environmental laws and regulations, and reviews borrowers' environmental studies;

(6) Maintains and publishes a continuing updated list of materials compatible with current RUS standards;

(7) From time to time provides consultation with borrowers regarding engineering matters;

(8) Provides assistance to the other electric offices and, as appropriate, to borrowers; and

(9) Maintains liaison with other Government agencies, utilities, industry officials and professional organizations on the above matters.

§ 1700.5 Rural telephone program.

(a) The Assistant Administrator—Telephone directs and coordinates the rural telephone program of the Agency, participating with the Administrator and Deputy Administrator—Program Operations and other officials in planning and formulating the programs and activities of the Agency.

(b) *Regional Offices.* (1) The two regional offices are the primary points of contact between RUS and all telephone system borrowers. Each office administers the rural telephone program for an assigned geographical area with assistance of field representatives located in areas assigned to them.

(2) The regional offices are composed of the following states and territories:

(i) *Eastern Region.* Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, Virgin Islands, West Virginia, and Wisconsin; and

(ii) *Western Region.* Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming and present and former Pacific Trust Territories along with the Northern Mariana Islands and Guam.

(3) The regional offices have the following responsibilities with respect to loan feasibility and security and accomplishment of the purposes of the RE Act:

(i) Provide guidance to applicants and borrowers on Agency and Rural Telephone Bank loan policies and procedures, and make recommendations to the Administrator on applications for loans or guarantees. If delegated the authority by the Administrator, Area Directors may approve certain loans, lien accommodations and other actions;

(ii) Review and analyze borrowers' toll revenue settlements and local service rates for adequacy to meet loan service payments and other expenses;

(iii) Assure that telephone systems and facilities are designed and constructed in accordance with the terms of the loan and the Agency's regulations. They review, analyze and approve borrowers' engineering plans and specifications; engineering, equipment and construction contracts; and borrowers' payments to engineers and contractors. They work with the borrowers to assure that completed construction meets RUS standards for quality of service and loan security; and

(iv) Provide information to borrowers regarding management and technical operations and practices with respect to the feasibility and security of the Government's loans and achievement of RE Act purposes.

(c) *Telecommunications Standards Division.* This division administers engineering staff activities related to the design, construction, and technical operation and maintenance of rural telephone systems and facilities. The division:

(1) Develops Agency engineering practices, policies, guidelines and technical data relating to telephone borrowers' systems;

(2) Evaluates the application of new communications network technology to rural telephone systems;

(3) Develops standards, policies, and procedures in connection with construction activities financed by the rural telephone program;

(4) Provides advice and assistance to the regional offices and, as requested, to borrowers on the above functions and responsibilities; and

(5) Maintains liaison with other government agencies, utilities, industry officials, and professional organizations on the above matters.

(d) *Rural Telephone Bank Management Staff.* This staff performs the following functions:

(1) Prepares analyses and makes recommendations to the Assistant Governor of the RTB on RTB issues;

(2) Performs the calculations needed to determine the cost of money rate to RTB borrowers;

(3) Prepares the minutes of RTB board meetings;

(4) Develops practices and procedures for determining toll forecasts for the telephone regional offices, and develops the toll forecasts for borrowers with complicated settlement arrangements; and

(5) Maintains liaison with other government agencies, utilities, industry officials, and professional organizations on the above matters.

§ 1700.6 Economic development and technical services.

(a) The Assistant Administrator—Economic Development and Technical Services directs and coordinates the rural economic development and technical services programs of the Agency, participating with the Administrator and Deputy Administrator—Program Operations and other officials in planning and formulating the programs and activities of the Agency. Two staffs and one division report to this Assistant Administrator.

(b) *Rural Development Assistance Staff.* This staff performs the following functions:

(1) Administers the Agency's rural economic development and job creation programs;

(2) Formulates and develops regulations, procedures, directives, and bulletins concerning the execution of Agency rural economic development activities;

(3) In coordination with Agency personnel, provides guidance to borrowers on Agency rural economic development policies and procedures, and makes recommendations to the Administrator on borrowers' applications for rural economic development financial assistance;

(4) Provides economic and community development technical assistance to borrowers; and

(5) Advises Agency personnel on rural economic development matters.

(c) *Program Support Staff.* This staff has the following responsibilities:

(1) Prepares special and ongoing analyses regarding the operations of the Agency's loan, loan-guarantee, and grant programs, and supervises special projects as assigned;

(2) Develops and maintains Agency regulations and bulletins on pre-and post-loan policies and procedures, and provides advice and assistance to Agency staff and others regarding the achievement of program policies;

(3) Coordinates with corresponding program staffs regarding the implementation of program-wide policies;

(4) Coordinates joint program initiatives;

(5) Provides coordination and assistance on management development of RUS and borrower personnel, as assigned; and collaborates with borrowers' organizations and professional groups in management development;

(6) Develops and maintains a variety of loan fund control ledgers for electric and telephone program lending authorities; and

(7) Keeps abreast of external developments by state, local and Federal regulatory and legislative bodies relating to RUS programs.

(d) *Borrower Accounting Division.* This division ensures that accounting policies, systems and procedures with respect to borrowers' accounting operations meet regulatory, U.S. Department of Agriculture, General Accounting Office, Office of Management and Budget and Treasury Department requirements. The division:

(1) Provides recommendations and assistance in solving special program and administrative problems involving accounting interpretations and analysis, including the development and presentation of data to agency staff, regulatory bodies, and other agencies;

(2) Examines borrowers' records and operations and reviews expenditures of loan and other funds deposited in the RUS Construction Fund Account to determine that funds are expended in conformity with the RE Act. Reviews borrowers' plant accounting system and procedures to determine compliance with RUS regulations;

(3) Approves Certified Public Accountants to perform audits for borrowers and reviews their reports to determine conformance with acceptable accounting practices, procedures and standards;

(4) Develops proposed standards and procedures for Agency examination programs and evaluates adequacy and effectiveness of the review procedures; and

(5) Evaluates borrowers' accounting systems and procedures and recommends changes, as necessary, to provide for more complete and accurate reporting of borrowers' operations. Provides advice and assistance to borrowers concerning the installation and operation of accounting systems;

(e) *Area Offices.* The division is organized into four geographic area offices each of which has several field accountants located throughout the area.

§ 1700.7 Office of the Deputy Administrator—Management and Policy Support.

The Deputy Administrator—Management and Policy Support directs and coordinates the legislative, public information, administrative and budget activities of the Agency and participates with the Administrator and other officials in planning and formulating the programs, policies and other functions of the Agency. Activities are carried out by an Assistant Administrator—Management and others who report directly to the Deputy Administrator.

§ 1700.8 Office of Assistant Administrator—Management.

The Assistant Administrator—Management directs and coordinates the general administrative activities of the agency, participates with the Administrator and Deputy Administrators and other officials in planning and formulating the programs and activities of the agency. The Office of Budget and four other divisions are directed and coordinated by the Assistant Administrator—Management.

(a) The Office of Budget administers the budgetary and financial management program of the Agency. The office:

(1) Determines the annual funding needs for current and multi-year forecasts, participating with the Administrator in presenting and supporting the Agency's budget and program plans; and

(2) Administers budget execution, apportionment, allotment and use and control of all Agency funds.

(b) The Personnel Management Division administers the personnel program of the Agency, covering both headquarters and field personnel. The division:

(1) Administers the provisions of the Classification Act, to achieve uniform application of position classification principles and standards to all RUS positions; conducts organization studies and develops recommendations for changes; develops and administers the Agency's personnel management evaluation activities;

(2) Administers the employment program for the Agency, including staffing, recruitment, placement and separation; administers the Agency's merit promotion program; maintains liaison with the National Finance Center on personnel data processing activities including payroll;

(3) Administers Agency responsibilities for employee relations including: grievances and appeals, performance appraisals, performance recognition system, conflict of interest, awards, benefits, and leave;

(4) Directs, coordinates, and evaluates a program of employee training to achieve the maximum utilization of skills and abilities of personnel; conducts training sessions; plans and di-

rects conferences; prepares training budget; approves training requests; and coordinates an information program for foreign visitors;

(5) Provides advice and assistance to Agency officials and employees to ensure sound and effective administration of the Agency's personnel program;

(6) Maintains working relations and liaison on personnel management matters with the staff and other agencies of the Department and other government agencies; and

(7) Participates with the Administrator, in conjunction with the Equal Opportunity and Civil Rights Staff, in the implementation and enforcement of USDA equal employment opportunity programs (see § 1700.2(c) (2)); coordinates equal employment opportunity complaint system with the Department; develops and administers the Agency's Federal Equal Opportunity Recruitment Program.

(c) The Administrative Services Division administers a wide array of management services. The division administers:

(1) General services involving contracting and procurement, space management, property and supplies management, records management and communications;

(2) The Agency's rulemaking and regulatory review activities, coordinating with the Office of the Federal Register, the Office of the General Counsel, and the Office of Management and Budget; and

(3) The Agency's publications issuance system and the forms and report program.

(d) The Automated Information Systems Division analyzes the application of data processing to RUS program activities, including feasibility studies of the costs and benefits of automated data processing. The division:

(1) Establishes standards and procedures for developing, maintaining and using the Agency's major automated systems covering borrower information, loan accounting and special management programs; performs systems analyses, development, and programming; and ensures data security;

(2) Operates the data processing equipment of the Agency, including the

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conversion of data from source documents and the preparation of statements, reports, analyses, and other information, and provides training and assistance to users; and

(3) Collects and analyzes financial, operating, and other statistical data obtained from borrowers and other sources, and prepares reports on the progress and status of the programs of RUS and the RTB.

(e) The Financial Operations Division administers the fiscal accounting program of the agency and the RTB. The division:

(1) Develops, recommends and implements accounting policies, systems, and procedures regarding the Agency's and RTB's operations;

(2) Maintains accounts to provide control over and accountability for all funds, assets, liabilities, income and expenses of the Agency and the RTB; and prepares reports required by RUS, RTB, the U.S. Department of Agriculture, and other government agencies;

(3) Examines and certifies for payment, vouchers and invoices covering administrative expenses and loan fund advances of the Agency and the RTB;

(4) Reviews, examines and processes monthly billings and debt service payments for RUS and RTB loans;

(5) Reviews, examines and processes loan fund advances, billings, debt service payments and all other accounting related activities connected with Federal Financial Bank loans to RUS borrowers; and

(6) Maintains custody of the original copies of notes and mortgages and certain loan collateral.

§ 1700.9 Information, legislation, policy and management analysis.

The Deputy Administrator—Management and Policy Support, directs two separate staffs of the Agency dealing with public information and legislation, and policy and management analysis.

(a) The Legislative and Public Affairs Staff performs the following functions:

(1) Analyzes the policy, programs and procedural implications of Federal and State legislation affecting RUS programs; prepares special reports for the Administrator on legislative affairs;

and responds to inquiries from Congress and others concerning RUS programs;

(2) Maintains liaison with the Department's legislative staff and with congressional offices;

(3) Manages the information activities of the Agency to provide borrowers and the public with timely information concerning the operations, status, progress and accomplishments of the rural electrification, rural telephone and rural development programs;

(4) Evaluates the public information activities of the Agency and advises on actions that will improve public understanding and acceptance of Agency functions; and

(5) Administers the public information provisions of 5 U.S.C. 551 *et seq.*, the Administrative Procedure Act.

(b) The Policy and Management Analysis Staff performs the following functions:

(1) Coordinates the development and monitors the implementation of the Agency's long-term program and management plans, ensuring that these plans are up to date at all times;

(2) Ensures that these long-term plans include quality-improvement, efficiency, and cost saving initiatives;

(3) Ensures that audit resolutions are incorporated in the Agency's strategic planning and other processes for establishing goals and objectives; and

(4) Initiates and coordinates management productivity programs of the Agency.

§§ 1700.10—1700.19 [Reserved]

Subpart B—Programs

§ 1700.20 Insured electric loans pursuant to section 305 of the Rural Electrification Act, as amended.

(a) *General.* These loans are made from the Rural Electrification and Telephone Revolving Fund for purposes authorized by section 4 of the RE Act. The standard interest rate on these loans is 5 percent, but a rate as low as 2 percent is authorized by section 305(b) of the RE Act if a borrower:

(1) Has experienced extreme financial hardship; or

(2) Cannot, in accordance with generally accepted management and accounting principles and without charging rates to its customers or subscribers so high as to create a substantial disparity between such rates and the rates charged for similar service in the same or nearby areas by other suppliers, provide service consistent with the objectives of the RE Act.

(b) These loans are made to finance the construction and operation of electric facilities and systems to provide initial and continued adequate electric service to persons in rural areas not receiving central station service at the time of the initial RUS loan. The loans, approval of which rests solely within the discretion of the Administrator, must be self-liquidating within a period not to exceed 35 years, and must be reasonably secured in the judgment of the Administrator. Under the RE Act, they may be made to persons, corporations, public bodies, and cooperative, non-profit, or limited dividend associations. Preference is given to public bodies and cooperative, non-profit, or limited dividend associations.

(c) *Loan applications.* Applications for these loans are made on forms prescribed by RUS and supported by a resolution of the applicant's board of directors. Copies of these standard forms are made available by RUS on request. Loan applicants are assisted, as necessary, in preparing the loan application and supporting data. If an application is acceptable after legal, engineering, economic, and financial studies, funds are obligated by a loan contract and the borrower gives a note, mortgage and, in some cases, other security.

(d) *Construction.* Under the loan agreements, RUS reserves the right to approve the design and construction of the facilities, and to require progress reports on construction and audits of the borrower's records relating to construction.

(e) *Advance of loan funds.* Loan funds are advanced on the basis of requisitions submitted by borrowers in accordance with the loan contract and RUS regulations.

§ 1700.21 Insured telephone loans pursuant to section 305 of the Rural Electrification Act, as amended.

(a) *General.* (1) These loans are made from the Rural Electrification and Telephone Revolving Fund for purposes authorized by section 201 of the RE Act. The standard interest rate on these loans is 5 percent, but a rate as low as 2 percent is authorized by section 305(b) of the RE Act under the same conditions as specified in § 1700.20(a) of this part.

(2) These loans are made for the purpose of improvement, expansion, construction, acquisition and operation of telephone lines, facilities, or systems to furnish or improve telephone service in rural areas. Borrowers may be required to provide a portion of the investment themselves. The loans, approval of which rests solely within the discretion of the Administrator, must be repaid within a period, not to exceed 35 years, that approximates the expected useful life of the facilities financed and must be reasonably secured in the judgment of the Administrator. The loans may be made to any type of commercial or nonprofit corporation now providing or who may hereafter provide telephone service in rural areas. Preference is given to persons already providing telephone service in rural areas and to cooperative, non-profit, limited dividend or mutual associations.

(b) *Loan applications.* Applications for these loans are made on forms prescribed by RUS, copies of which are available from RUS on request. Loan applicants are assisted, as necessary, in conducting area coverage surveys and in preparing loan applications. If an application is acceptable after legal, engineering, economic and financial studies, funds are obligated by a loan contract and the borrower gives a note, mortgage and, in some cases, other security.

(c) *Construction.* Under the loan agreements, RUS reserves the right to approve the design and construction of facilities and to require progress reports on construction and audits of the borrower's records relating to construction.

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(d) *Advance of loan funds.* Loan funds are advanced on the basis of requisitions submitted by borrowers in accordance with the loan contract and 7 CFR part 1744.

[55 FR 39596, Sept. 28, 1990; 55 FR 42807, Oct. 23, 1990]

§ 1700.22 Rural Telephone Bank loans pursuant to section 408 of the Rural Electrification Act, as amended.

These loans are made for the purposes authorized by section 201 of the Act. The loans, approval of which rests solely within the discretion of the Governor, bear interest at a rate equal to the cost of funds to the Bank; must be repaid within a period, up to a maximum of 35 years, that approximates the expected useful life of the facilities financed; and must be reasonably secured in the judgement of the Administrator. These loans are administered by RUS staff as part of the rural telephone program pursuant to the policies and procedures set forth in 7 CFR part 1610.

§ 1700.23 Guaranteed loans pursuant to section 306 of the Rural Electrification Act, as amended.

These loans are made by any legally organized lending agency and guaranteed in the full amount thereof by the Administrator for purposes provided in the RE Act, including without limitation, distribution, sub-transmission, bulk transmission and generation facilities. The loans guaranteed under this section are serviced by the lender except that loans made by the Federal Financing Bank are serviced by RUS. The interest rate on these loans is as agreed upon by the borrower and the lender.

[56 FR 2671, Jan. 24, 1991]

§ 1700.24 Loans and grants pursuant to section 313 of the RE Act.

These zero-interest loans and grants are made to borrowers under the RE Act for the purpose of promoting rural economic development and rural job creation projects. Selection and approval of applications for zero-interest loans and grants rests solely within the

discretion of the Administrator. (See 7 CFR part 1703.)

[57 FR 6290, Feb. 24, 1992]

§ 1700.25 Other loan authorities.

(a) The Administrator has authority under section 314 of the RE Act to guarantee 90 percent of the principal and interest of loans made by qualified private lenders to finance electric and telephone facilities in rural areas. (See 7 CFR parts 1712 and 1739.) The Administrator also has authority under section 502 of the RE Act to make grants and reduced interest loans to promote business incubator programs or for the creation or operation of business incubators in rural areas. Authority is also granted to the Administrator by the Rural Economic Development Act of 1990 (7 U.S.C. 950aaa *et seq.*) to provide financial assistance for distance learning and medical link programs.

(b) The Administrator has authority under section 5 of the RE Act to make loans to electric borrowers for the purpose of financing the wiring of the premises of persons in rural areas and for the purchase and installation of electrical and plumbing appliances and equipment, including machinery. The Administrator also has authority under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 *et seq.*) to finance community antenna television (CATV) services and facilities. Funds have not been appropriated for these purposes since 1969 in the case of section 5 loans and not since 1981 in the case of CATV loans.

[57 FR 6290, Feb. 24, 1992]

§ 1700.26 Studies, investigations, and reports.

Pursuant to section 2 of the RE Act, the Agency may make, or cause to be made, studies, investigations, and reports concerning the condition and progress of electrification and telephony in rural areas in the several States and territories and may publish and disseminate information with respect thereto.

§ 1700.27 Loan security activities.

In carrying out its program, and in the interest of loan security, the Agency requires periodic reports of borrowers on operations, annual audits, etc., and provides specialized and technical accounting, engineering, and other managerial assistance to borrowers with respect to the construction and operation of their facilities, to help them establish efficient and economical service in rural areas.

§ 1700.28 Issuances implementing procedure.

There are available from RUS, upon request:

- (a) Basic forms of loan agreements; and
- (b) Rules and bulletins issued from time to time which implement the loan agreements and the Agency's policies and procedures.

§ 1700.29 [Reserved]

Subpart C—Public Information

§ 1700.30 Availability of Agency publications and other information, and collection of public comments to proposed rules.

(a) 5 U.S.C. 552(a)(2) requires that certain materials be made available for public inspection and copying.

(b) The Rural Utilities Service (RUS) issues from time to time notices and regulations in the FEDERAL REGISTER as well as bulletins, informational publications, and staff instructions in order to:

(1) Implement the provisions of the RE Act and the loan and security instruments;

(2) Establish Agency procedures; and

(3) Assist electric and telephone borrowers in the design, operation, and maintenance of their systems.

(c) Information about availability and costs of Agency publications and other Agency materials is available from Publications and Directives Management Branch, Administrative Services Division, Rural Utilities Service, Room 0180, South Building, U.S. Department of Agriculture, Washington, DC 20250–1500.

(d) RUS will provide for the distribution of indexes of publications in con-

formance with the Freedom of Information Act, 5 U.S.C. 552(a)(2). Single copies of individual bulletins, informational publications, staff instructions, and forms, including forms of basic loan and security instruments, are available to borrowers and other members of the public either directly from RUS, from the Superintendent of Documents, U.S. Government Printing Office, Washington DC 20402, or from another source to be established by RUS. Costs for these publications are established in conformance with 7 CFR part 1. Initial copies of Bulletins directed to RUS borrowers are provided at no cost to those borrowers.

(e) RUS requires that all persons submitting comments to a proposed rule published by the Agency submit a signed original and three copies of their comments to the address shown in the preamble to the proposed rule. Copies of comments submitted are available to the public in conformance with 7 CFR part 1.

[56 FR 25349, June 4, 1991]

§ 1700.31 Indexes.

5 U.S.C. 552(a)(2) requires that each agency publish or otherwise make available a current index of all materials required to be made available for public inspection and copying. RUS will maintain and publish current indexes and quarterly supplements thereto, providing identifying information for all RUS Bulletins and for staff manuals and instructions made available pursuant to § 1700.30. Requests for copies should be addressed, in person or by mail, to the Office of the Director, Administrative Services Division, Room 0168—South Building, U.S. Department of Agriculture, Washington, DC 20250–1500.

§ 1700.32 Requests for records.

Requests for records under 5 U.S.C. 552(a)(3) shall be made in accordance with 7 CFR 1.6(a) and addressed to Office of the Director, Legislative and Public Affairs Staff, Rural Utilities Service, room 4043, South Building, U.S. Department of Agriculture, Washington, DC 20250–1500. A request shall describe the records sought as set forth in 7 CFR 1.6(b). A charge may be made

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to cover the costs of fulfilling the request. Requests may be submitted in person or by mail.

[55 FR 53487, Dec. 31, 1990]

§ 1700.33 Appeals.

Any person whose request under § 1700.32 is denied shall have the right to appeal such denial. This appeal shall be submitted in accordance with 7 CFR 1.3(e) and addressed to the Administrator, Rural Utilities Service, Room 4051, South Building, U.S. Department of Agriculture, Washington, DC 20250-1500.

Subpart D—Delegations of Authority; General

SOURCE: 59 FR 21624, Apr. 26, 1994, unless otherwise noted.

§ 1700.40 Exercise of delegated authority.

(a) Unless specifically reserved, or otherwise delegated, the delegations of authority contained in subparts D through L of this part include the authority to take any action or execute any document deemed necessary and proper to the discharge of such responsibilities. In the exercise of authority delegated in subparts D through L of this part, all applicable RUS policies, regulations, and procedures should be followed. All delegations previously made are superseded.

(b) No delegation of authority by the Administrator or other person shall preclude the Administrator or other person from exercising any of the authority so delegated.

§ 1700.41 Persons serving in acting capacities.

Incumbents delegated authority in subparts D through L of this part are authorized to designate a person to act for them as necessary, except that a Regional Director or the Director, Power Supply Division may not redelegate authority to approve loans, loan guarantees or lien accommodations, and related actions as set forth in §§ 1700.124(a), 1700.127(a) and 1700.145(a). If an incumbent of a position to whom delegations are made in subparts D through L of this part is absent or is

unable to carry out such delegations, the person designated authority to act for the incumbent shall exercise the authority conferred by such delegations. Such designations shall be in accordance with any instruction issued by the incumbent's supervisor.

[59 FR 21624, Apr. 26, 1994, as amended at 59 FR 46723, Sept. 12, 1994]

§ 1700.42 Persons serving as acting Administrator.

The following persons are authorized, in descending order, to act for the Administrator only in his or her absence, sickness, resignation, or death: Deputy Administrator, Assistant Administrator—Electric, Assistant Administrator—Telephone, Assistant Administrator—Economic Development and Technical Services. That is, if the first person on the list is also absent, sick, has resigned, or is dead, the second person on the list is authorized to act for the Administrator and so on down the list. Persons on this list may not redelegate the authority to act for the Administrator. The Administrator may in his/her discretion in writing, on a case-by-case basis, delegate authority to act as Administrator in his/her absence outside of this specified order.

§ 1700.43 Persons serving as acting Assistant Administrator.

(a) *Electric and telephone programs.* The Deputy Assistant Administrator in each program is authorized to act for the respective Assistant Administrator in the absence, sickness, resignation or death of that Assistant Administrator. The Deputy Assistant Administrators may not redelegate this authority.

(b) *Assistant Administrator—Economic Development and Technical Services.* (1) The Directors of the Rural Development Assistance Staff, Borrower Accounting Division and the Program Support Staff are authorized to act for the Assistant Administrator—Economic Development and Technical Services in his or her absence according to the following schedule:

Director of	Months
Rural Development Assistance Staff.	January, April, July, October.
Borrowers Accounting Division.	February, May, August, November.

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Director of	Months
Program Support Staff	March, June, September, December.

(2) If a particular Director is absent, sick, has resigned or is dead during a scheduled month, the delegation will revolve back to the preceding month. These Directors may not redelegate this authority.

§ 1700.44 Contracts approved on behalf of the Administrator.

(a) *Nonstandard contracts.* Prior to the approval or the execution of the following documents, the Office of the General Counsel (OGC) shall comment as to any legal matters concerning such nonstandard contracts:

(1) Contracts for engineering services, architectural services, construction, and power supply that include a substantive deviation from the standard form contract approved by OGC; and

(2) Other documents involving legal matters of concern to the approving official.

(b) *Signature.* All contract approvals shall be signed:

(Name and Title)
For the Administrator

§§ 1700.45—1700.59 [Reserved]

Subpart E—Delegations of Authority; Agency Issuances and Certain Correspondence

SOURCE: 59 FR 21625, Apr. 26, 1994, unless otherwise noted.

§ 1700.60 Agency issuances.

Except as may be specifically delegated from time to time to the Deputy Administrator, or others, all authority is reserved by the Administrator to approve and issue regulations and other information published in the FEDERAL REGISTER, bulletins, informational publications, staff instructions concerning Agency administrative matters and those affecting more than one program, and unnumbered memoranda (mailings to borrowers in more than one program and all RUS staff). Signature authority is also reserved by the Administrator for written responses to

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Members of Congress, Governors, State Legislators, Federal Agency heads or Cabinet officials, as well as other controlled correspondence for Agency response. Additionally, signature authority is reserved by the Administrator for Agency mass mailings which include but are not limited to mailings to accountants, engineers, and consultants.

§ 1700.61 Agency publications control officer.

The Deputy Administrator is designated the Agency Publications Control Officer.

§§ 1700.62—1700.69 [Reserved]

Subpart F—Delegations; Authorities Reserved by the Administrator

SOURCE: 59 FR 21624, Apr. 26, 1994, unless otherwise noted.

§ 1700.70 General.

Authority for all matters not specifically delegated in subparts D through L of this part, or by other written delegation, is reserved to the Administrator, including, without limitation, the following authorities reserved in this subpart.

§ 1700.71 Rural economic development loan and grant and distance learning and medical link grant programs.

Approval of the following:

(a) Applications for loans or grants when all conditions for such approval have been met.

(b) All zero-interest loans and grants.

(c) Any modifications in the method of carrying out loan purposes, or in the amount of applications selected and loans or grants approved.

(d) Extension of principal and interest repayments for rural development purposes.

§ 1700.72 Electric program.

(a) Approval of the following loans, loan guarantees, lien accommodations or subordinations:

(1) All discretionary hardship loans.

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(2) All insured loans, loan guarantees, and lien accommodations or subordinations to finance operating costs.

(3) All loans, loan guarantees, and lien accommodations or subordinations of more than \$15,000,000 for distribution and power supply borrowers.

(4) All loans, loan guarantees, and lien accommodations or subordinations for distribution borrowers that are members of a power supply borrower that is in default of its obligations to the Government or that is currently assigned to the Financial Services Staff, unless otherwise determined by the Administrator.

(5) All insured loans, loan guarantees, and lien accommodations or subordinations that require an Environmental Impact Statement.

(6) All certifications and findings required by the RE Act or other applicable laws and regulations, the placing and releasing of conditions precedent to the advance of funds, and all mortgages, loan contracts or other necessary documents relating to the authorities reserved in paragraph (a) of this section.

(b) And execution of all loan contracts, mortgages or other documents in connection with loans, loan guarantees and lien accommodations approved by the Administrator.

(c) Approval of the following for unpaid and outstanding loans and loan guarantees:

(1) Rescission of loans or termination of loan guarantee commitments when the amount of the rescission or termination is more than \$15,000,000.

(2) Requests to extend the time period for advancing loan funds if:

(i) The borrower is delinquent in payments on loans made or guaranteed by RUS or in litigation that may affect loan security; or

(ii) The request does not fully comply with the requirements specified in applicable RUS regulations.

(3) Extension of time of prepayment principal and interest pursuant to Section 12 of the RE Act, for borrowers in default or currently assigned to the Financial Services Staff.

(4) Agreements, plans, arrangements, recommendations to settle debt, or other actions affecting a borrower's financial or other obligations to the

Government through the Administrator of RUS for loans, loan guarantees, or other financial obligations except as may be specifically delegated to the Financial Services Staff.

(5) Loan budget adjustments (transfers or reclassifications) when approval is for:

(i) Changes in generation facilities that are subject to a power survey or certification by RUS;

(ii) Any proposed change of more than \$15,000,000;

(iii) Any proposed operating costs.

(d) Approval of the following for borrower facilities, organization, operations, or corporate status:

(1) Agreements for the merger or consolidation of borrowers.

(2) Power surveys or certifications by RUS involving changes in generation facilities.

(3) Contracts for the acquisition of plant-in-place of more than \$15,000,000 and related financial transactions.

(4) Approval, in amounts of \$25,000,000 or more, of:

(i) The use of general funds; or

(ii) Sales or transfers of property and related releases of lien.

(5) Equity development plans and amendments to equity development plans submitted by borrowers:

(i) As part of an application for any loan and loan guarantee that requires approval of the Administrator;

(ii) By any borrower whose equity as a percentage of total assets, is less than 10 percent at the time the plan is submitted, or whose equity is predicted to drop below 10 percent during the 10-year period of the plan.

(6) Assumptions of debt.

§ 1700.73 Telephone program.

(a) Approval of the following loans, loan guarantees, lien accommodations or subordinations:

(1) All loans, loan guarantees, and lien accommodations or subordinations to finance operating costs.

(2) All loans, loan guarantees, or lien accommodations or subordinations for more than \$15,000,000.

(3) Loans and loan guarantees with acquisition costs for more than \$5,000,000.

(4) Loans and loan guarantees containing funds to refinance outstanding debt amounts for more than \$5,000,000.

(b) All loan contracts, mortgages and other documents to be executed in connection with loans and loan guarantees approved by the Administrator.

(c) Approval of the following for unpaid and outstanding loans and loan guarantees:

(1) Extension of time for payment of principal and interest pursuant to Section 12 of the RE Act, for borrowers in default.

(2) Agreements, plans, arrangements, recommendations to settle debt, or other actions affecting a borrower's financial or other obligations to the Government acting through the Administrator of RUS for loans, loan guarantees or other financial obligations.

(3) Sales and transfers of property for more than \$5,000,000 and related releases of lien.

[59 FR 21624, Apr. 26, 1994, as amended at 59 FR 46724, Sept. 12, 1994]

§§ 1700.74—1700.89 [Reserved]

Subpart G—Delegations of Authority; Loan Review Committees

SOURCE: 59 FR 21624, Apr. 26, 1994, unless otherwise noted.

§ 1700.90 General.

To assist in carrying out the authorities which are reserved or delegated in subparts D through L of this part, the roles of the following committees in this subpart are recognized.

§ 1700.91 Senior loan review committee.

The Senior Loan Review Committee, appointed by the Administrator, shall review and make recommendations to the Administrator on all electric and telephone loans, loan guarantees, and lien accommodations or subordinations whose approval has been reserved by the Administrator. The committee shall be chaired by the Administrator and include the Assistant Administrator—Electric (AAE), Assistant Administrator—Telephone (AAT), and

such other members as the Administrator may appoint.

§ 1700.92 Assistant Administrator's loan committee.

Both the electric and telephone programs shall have Assistant Administrator's Loan Committees (AALC), consisting of the Regional Directors or Acting Regional Directors of the respective programs as well as additional members appointed by the appropriate Assistant Administrator. The AALC shall be chaired by either the appropriate Assistant Administrator or Deputy Assistant Administrator. The AALC shall meet as required to review, analyze, and concur in recommendations for actions to be taken for all loan application requests, loan guarantee applications, and lien accommodations or subordinations. The recommending official may not vote.

(a) Assistant Administrators and Regional Directors may approve loans, loan guarantees, or lien accommodations or subordinations under § 1700.124 or § 1700.146 only after the AALC has concurred with such actions.

(b) An Assistant Administrator may, in their sole discretion, forward a recommendation for a loan, loan guarantee or other financing action to the Senior Loan Committee for its consideration.

§ 1700.93 Rural economic development recommendation committee.

The Administrator may appoint a recommendation committee for the purpose of reviewing loan and grant recommendations.

§§ 1700.94—1700.99 [Reserved]

Subpart H—Delegations of Authority; Rural Economic Development, Program Support, and Borrower Accounting Activities

SOURCE: 59 FR 21624, Apr. 26, 1994, unless otherwise noted.

§ 1700.100 General.

The following delegations of authority in this subpart are made by the Administrator.

§ 1700.101 Deputy Administrator.

The Deputy Administrator in conformance with applicable regulations and RUS policy is hereby delegated authority to exercise all authorities conferred upon other persons in § 1700.102.

§ 1700.102 Assistant Administrator—Economic Development and Technical Services.

The Assistant Administrator—Economic Development and Technical Services in conformance with applicable regulations and RUS policy is delegated authority to exercise all authorities conferred upon others in §§ 1700.103 through 1700.109, approval of staff instructions affecting only the Rural Development Program, and unnumbered memoranda (mailings to two or more borrowers) sent to rural development borrowers or grant recipients.

§ 1700.103 Director—Rural Development Assistance Staff.

The Director—Rural Development Assistance Staff in conformance with applicable regulations and RUS policy is delegated authority to approve for the Rural Economic Development Loan and Grant Programs and Distance Learning and Medical Link Grant Programs the following:

- (a) Releases of loan and grant funds including the approval of all agreements and documents between the RUS borrower and the ultimate recipient.
- (b) Cancellation of applications that have not been selected for approval by the Administrator.
- (c) Rescission of loan and grant funds.
- (d) Extension of the time period for the RUS borrower to meet the prerequisites to the advance of funds and the period to disburse the funds.
- (e) In addition, all authorities conferred upon other persons in § 1700.104

§ 1700.104 Chief, Financing Branch—Rural Development Assistance Staff.

The Chief, Rural Development Assistance Staff—Financing Branch in conformance with applicable regulations and RUS policy is delegated authority to approve and execute for the Rural Economic Development Loan and Grant and Distance Learning and Medi-

cal Link Grant Programs the following:

- (a) Reports of vouchers released; and
- (b) Notice to Financial Operations Division (FOD) authorizing the advance or release of funds.

§ 1700.105 Director, Borrower Accounting Division.

The Director, Borrower Accounting Division in conformance with applicable regulations and RUS policy is delegated authority to:

- (a) Approve a certified public accountant (CPA) for borrower audits of its financial statements.
- (b) Take actions concerning the selection or change of a borrower's CPA (7 CFR 1773.4).
- (c) Serve as the RUS liaison within the Office of Inspector General (OIG) for all borrower irregularities.
- (d) In addition, execute all authorities conferred upon other persons in §§ 1700.106 through 1700.108.

§ 1700.106 Chief, Technical Accounting and Auditing Staff.

The Chief, Technical Accounting and Auditing Staff in conformance with Federal regulations and RUS policy is delegated authority to approve or execute:

- (a) Actions concerning accounting policies, procedures, standards, interpretations of Financial Accounting Standards Board (FASB) issuances or other technical accounting issues; and
- (b) Actions concerning the application of generally accepted auditing standards to borrowers' accounts.

§ 1700.107 Chiefs, Area Accounting Branches.

The Chiefs, Area Accounting Branches in conformance with Federal regulations and RUS policy are delegated authority to approve or execute:

- (a) Statement of condition of borrower's records; and
- (b) In addition, all authorities conferred upon other persons in § 1700.108.

§ 1700.108 Field Accountants.

The Field Accountants in conformance with applicable regulations and RUS policy are delegated authority to approve or execute:

(a) Propriety of the disbursements of loan and equity funds as required by loan contract provisions and RUS policy.

(b) Adequacy of borrowers' accounting systems and related records.

§ 1700.109 Director—Program Support Staff.

The Director—Program Support Staff in conformance with applicable regulations and RUS policy is delegated authority to encumber loan funds for RUS and RTB loans.

§§ 1700.110–1700.119 [Reserved]

Subpart I—Delegations of Authority; Electric Program

SOURCE: 59 FR 21624, Apr. 26, 1994, unless otherwise noted.

§ 1700.120 General.

The following delegations of authority are made by the Administrator to the electric program.

§ 1700.121 Deputy Administrator.

The Deputy Administrator in conformance with applicable regulations and RUS policy is delegated authority to approve or execute for the electric program:

(a) Agreements or contracts for management or operations services between telephone and electric borrowers.

(b) FEDERAL REGISTER notices announcing the availability of final Environmental Impact Statements and the approval of RUS's final Environmental Impact Statements as well as Findings of No Significant Impact (FONSI).

(c) In addition, all authorities conferred upon other persons in § 1700.122.

§ 1700.122 Assistant Administrator—Electric.

The Assistant Administrator—Electric in conformance with applicable regulations and RUS policy is delegated authority to approve or execute for the electric program:

(a) Approval of the following loans and necessary documents, except for those approvals reserved for the Administrator in § 1700.72(a):

(1) Approval of loans of \$15,000,000 or less for entities not previously financed by RUS.

(2) Loans, loan guarantees, and lien accommodations or subordinations for distribution and power supply borrowers in amounts from \$10,000,000 to \$15,000,000.

(b) The following actions for unpaid and outstanding loans:

(1) Rescission of loans or termination of loan guarantee commitments when the amount of the rescission or termination is \$15,000,000 or less.

(2) Requests to extend the period for advancing loan funds in any amount except for:

(i) Requests from borrowers that are delinquent in their loan payments to RUS or in payments guaranteed by RUS or in litigation that may affect loan security.

(ii) Requests that do not comply with the requirements specified in applicable RUS regulations.

(iii) Cases where the Administrator has further reserved this authority.

(3) Extension of time for payment of principal and interest pursuant to section 12 of the RE Act for other than Energy Conservation Resources Loans, except for requests from borrowers in default or currently assigned to FSS.

(4) Loan budget adjustments (transfers or reclassifications) except when such adjustments would provide funds for:

(i) Changes in generation facilities that are subject to a power survey certification.

(ii) Any proposed change for more than \$15,000,000.

(iii) Any proposed operating costs.

(5) Imposition of and release of special controls on loan fund advances when the borrower is delinquent in payments on RUS loans or guarantees by RUS or the borrower is in litigation that may affect loan security.

(6) Questions arising from the interpretations or clarifications of the application of 7 CFR 1721.1 to individual borrower circumstances.

(c) The following changes in borrowers' facilities, organization or corporate status:

(1) Changes in transmission facilities not identified to RUS at the time of loan approval that are subject to a

power survey or certification by RUS involving the use of construction or general funds of \$15,000,000 or less.

(2) Power survey or certification by RUS involving changes in transmission facilities.

(3) Contracts for the acquisition of plant-in-place of \$15,000,000 or less and related financial transactions.

(4) Determination of the proper categorization of electric project proposals for the purpose of environmental review.

(5) Execution of documents relating to inter-borrower assumption of indebtedness.

(6) Approval in amounts of less than \$25,000,000 of:

- (i) The use of general funds; or
- (ii) Sales or transfers of property and related releases of lien.

(7) Approval or disapproval of the selection of a manager or attorney by an electric borrower.

(d) Memoranda to electric staff or to two or more electric borrowers.

(e) Approval of staff instructions affecting only the Electric Program.

(f) Waivers of borrower requirements pursuant to 7 CFR part 1710, Subpart E—Power Requirements Studies.

(g) All authorities conferred upon other persons in § 1700.123.

§ 1700.123 Deputy Assistant Administrator—Electric.

The Deputy Assistant Administrator—Electric in conformance with applicable regulations and RUS policy is delegated authority to approve or execute for the electric program:

(a) Any contracts for the acquisition of plant-in-place for \$10,000,000 or less and related financial transactions.

(b) The following matters concerning borrowers' facilities, organization or corporate structure:

(1) Changes in borrowers' corporate status.

(2) Power supply contracts and agreements including wholesale power, fuel, interconnections and wheeling agreements, participation agreements, lease agreements for facilities or properties, power sales agreements with non-RE Act beneficiaries, and integrated transmission agreements between RUS borrowers and non-borrowers, any of

which require a construction expenditure of more than \$10,000,000.

(c) Approvals required under the mortgage to retire capital credits or make other cash distributions in the following cases:

(1) Any distribution borrower that does not meet the following conditions:

(i) The retirement will not reduce total equity to less than 25 percent of total assets and other debits;

(ii) The oldest capital credits outstanding before the retirement are at least 10 years old where the retirement method is first-in, first-out, or the retirement is not more than 7 percent of all outstanding capital credits before the retirement where another method of retirement, authorized by the by-laws, is used; and

(iii) TIER and DSC ratios exceed mortgage minimum, i.e., the average of the highest two of the last 3 years exceeds 1.5 for TIER and 1.25 for DSC.

(2) Any power supply borrower.

(d) All authorities conferred upon other persons in §§ 1700.124 and 1700.131.

§ 1700.124 Regional Directors.

Regional Directors in conformance with applicable regulations and RUS policy are delegated authority to approve or execute for the electric program's distribution borrowers:

(a) The following loans, loan guarantees, lien accommodations, and documents:

(1) Insured loans, loan guarantees, and lien accommodations or subordinations in amounts of less than \$10,000,000, except for those approvals reserved for the Administrator in § 1700.72(a), or those reserved for the Assistant Administrator—Electric under § 1700.122(a).

(2) All certifications and findings required by the RE Act or other applicable laws and regulations, the imposing and releasing of conditions precedent to the advance of loan funds, and all mortgages, loan contracts or other documents relating to the delegations set forth in paragraph (a)(1) of this section.

(b) The following matters for unpaid and outstanding loans:

(1) Rescission of loans or termination of loan guarantee commitments when

the amount of the rescission or termination is \$10,000,000 or less, except for discretionary or operating loans.

(2) Requests to extend the period for advancing loan funds when the amount of unadvanced loan funds is \$10,000,000 or less, except for:

(i) Requests from borrowers that are delinquent in their loan payments to RUS or in loans guaranteed by RUS or in litigation that may affect loan security.

(ii) Requests that do not fully comply with the requirements specified in RUS regulations.

(iii) Cases where the Administrator has further reserved this authority.

(3) Basis date agreements for all approved requests to extend the period for advancing loan funds.

(4) Principal deferments under Section 12 of the RE Act for Energy Resource Conservation Loans and Rural Economic Development Investments.

(5) Loan budget adjustments (reclassifications or transfers) except when such adjustments would provide funds for:

(i) Changes in generation and transmission facilities that are subject to a power survey or certification by RUS.

(ii) Any change exceeding \$10,000,000.

(iii) Any operating costs.

(6) Advance of loan funds under “stop orders” and “special conditional agreements” when the conditions have been met, except when the borrower is delinquent in its loan payments to RUS, or its loans guaranteed by RUS, or when the borrower is in litigation which may affect loan security or the Office of the Administrator has reserved this authority.

(7) Imposition of special controls on the further advance of loan funds when it has been determined that loan feasibility may be jeopardized.

(8) Complete releases of lien and satisfaction in cases where a borrower has repaid its indebtedness in full.

(9) Approval of prepayments in accordance with 7 CFR part 1786 and all related documents.

(10) Cancellation or endorsement due to payment on borrowers’ notes which have been paid in full in connection with a prepayment made under the provisions of 7 CFR part 1786, subpart F.

(c) Matters concerning borrower facilities, organization, or corporate status:

(1) Agreements between electric borrowers for the operation of facilities.

(2) Management and operating agreements between electric borrowers and subsidiary organizations engaged in rural development activities.

(3) Sales and leases of borrowers’ capital assets involving transactions in amounts of \$5,000,000 or less and the related releases of lien.

(4) Use of general funds by a borrower for plant additions in the amount of \$5,000,000 or less, except for facilities subject to power supply surveys or certification by RUS.

(5) Annual review of loan security of borrowers.

(6) Action concerning certain retirements of patronage capital and other cash distributions which meet the following conditions:

(i) The retirement will not reduce total equity to less than 25 percent of total assets and other debits;

(ii) The oldest capital credits outstanding before the retirement are at least 10 years old where the retirement method is first-in, first-out, or the retirement is not more than 7 percent of all outstanding capital credits before the retirement where another method of retirement, authorized by the by-laws, is used; and

(iii) TIER and DSC ratios exceed mortgage minimum, i.e., the average of the highest two of the last 3 years exceeds 1.5 for TIER and 1.25 for DSC.

(7) Approval as a majority note holder of employment contracts between a borrower and its general manager.

(8) Waiver of specified defects in title to property obtained by borrowers.

(9) All equity development plans and amendments to equity development plans except those requiring approval of the Administrator.

(10) Any contracts for the acquisition of plant-in-place of \$5,000,000 or less and related financial transactions.

(d) Letters certifying borrowing eligibility for non-borrower electric cooperatives seeking financing from the Bank for Cooperatives.

(e) In addition, all authorities conferred upon other persons in §§ 1700.125, 1700.126 and 1700.130.

[59 FR 21624, Apr. 26, 1994, as amended at 59 FR 46724, Sept. 12, 1994]

§ 1700.125 Chiefs, Regional Engineering Branches.

The Chiefs, Regional Engineering Branches in conformance with applicable regulations and RUS policy are delegated authority to approve or execute for the electric program with respect to distribution and transmission facilities for distribution borrowers:

(a) The following matters concerning unpaid and outstanding loans and loan guarantees:

(1) Financial requirements and expenditure statements when all conditions precedent to the advance of loan funds have been met, no litigation is pending pertaining to the loan or loan guarantee, the borrower is not delinquent in its loan payments to RUS or in loans guaranteed by RUS, and the Office of the Administrator has not reserved this authority.

(2) Report of vouchers released.

(3) Concurrent loan fund requisitions.

(b) The following matters concerning technical specifications, and borrower facilities and organization, except for matters concerning generation facilities:

(1) Selection by a borrower of an architect; plans and specifications, work orders, and contracts for architectural services for the construction of headquarters, garage, and warehouse facilities requiring RUS approval, and final inventory documents and payments to contractors and architects.

(2) Selection by a borrower of an engineer and contracts for engineering services in cases requiring RUS approval.

(3) Contracts for construction and right-of-way clearing and for the purchase of substation sites and Headquarters facility sites with clear title and special types of equipment requiring RUS approval.

(4) Final inventory documents and payments to contractors and engineers.

(5) Use of nonstandard drawings, materials, and equipment.

(6) Technical engineering studies for transmission, load management,

microwave, Supervisory Control and Data Acquisition (SCADA) and other facilities requiring RUS approval.

(7) Borrowers' selection of a method of construction.

(8) Plans and specifications for construction, preliminary design data and plans, and profile sheets.

(9) Negotiation in lieu of competitive bidding of borrowers' contracts.

(10) Award of contracts for construction of purchase of material and equipment with fewer than three bids.

(11) Long-range engineering plans.

(12) Borrowers' environmental reports.

(13) Amendments to all types of power supply contracts or agreements including extensions of time to existing contracts and superseding contracts with no significant changes; the addition of new delivery points; and modification of existing delivery points between distribution borrowers and non-RUS borrower power suppliers, except where facilities are subject to a power survey or certification by RUS.

(14) Final statements of engineering fees requiring RUS approval, except for generation facilities.

(c) In addition, all other authorities of an engineering nature pertaining to distribution and transmission conferred upon other persons in § 1700.130.

§ 1700.126 Chiefs, Area Operations Branches.

The Chiefs, Area Operations Branches in conformance with applicable regulations and RUS policy are delegated authority to approve or execute for the electric program's distribution borrowers:

(a) The following matters with unpaid and outstanding distribution loans.

(1) Affidavits, certificates, filings, and confirmation statements with respect to the recording, filing or renewing of security instruments, including financing statements under the Uniform Commercial Code of the applicable state.

(2) Municipal and county franchises, licenses, ordinances, and permits to construct or operate facilities obtained by borrowers as required by its security instruments.

(3) Notice of clearance of RUS loan documents.

(b) Matters concerning borrower facilities, organization, or corporate status:

(1) Sales and leases of borrower's capital assets involving transactions in amounts of \$500,000 or less, except for facilities subject to power supply surveys or certification by RUS.

(2) Partial releases of lien, associated with sales of a borrower's capital assets, involving transactions in amounts of \$500,000 or less.

(3) Approval of large retail power contracts which have not been delegated to the General Field Representatives—Electric.

§ 1700.127 Director—Power Supply Division.

The Director—Power Supply Division in conformance with applicable Regulations and RUS policy is delegated authority to approve or execute for the electric program's power supply borrowers:

(a) Approval of the following loans, loan guarantees, and loan documents:

(1) Approval of insured loans, loan guarantees, and lien accommodations or subordinations in amounts of less than \$10,000,000 for power supply borrowers, except for those approvals reserved for the Administrator in § 1700.72(a).

(2) All certifications and findings required by the RE Act or other applicable laws and regulations, the placing and releasing of conditions precedent to the advance of funds, and all mortgages, loan contracts or other documents relating to the delegations set forth in paragraph (a)(1) of this section.

(b) The following matters for unpaid and outstanding loans:

(1) Rescission of loans or termination of loan guarantee commitments when the amount of the rescission or termination is \$10,000,000 or less, except for discretionary or operating loans.

(2) Requests to extend the period for advancing loan funds when the amount of unadvanced loan funds is \$10,000,000 or less, except for:

(i) Requests from borrowers that are delinquent in their loan payments to RUS, loans guaranteed by RUS or in

litigation that may affect loan security.

(ii) Requests that do not fully comply with the requirements specified in RUS regulations.

(iii) Cases where the Administrator has further reserved this authority.

(3) Execution of basis date agreements for all approved requests to extend the period for advancing loan funds.

(4) Loan budget adjustments (reclassifications or transfers) except when such adjustments would provide funds for:

(i) Changes in generation and transmission facilities that are subject to a power survey or certification by RUS.

(ii) Any proposed change for more than \$10,000,000.

(iii) Any proposed operating costs.

(5) Advance of loan funds under "stop orders" and "special conditional agreements" when the conditions have been met, except when the borrower is delinquent in its loan payments to RUS, loan guaranteed by RUS or when the borrower is in litigation which may affect loan security or the Administrator has reserved this authority.

(6) Imposition of special controls on the advance of loan funds when it has been determined that loan feasibility may be jeopardized.

(7) Approval of prepayments in accordance with 7 CFR part 1786 and all related documents.

(8) Complete releases of lien when a borrower has paid in full its indebtedness.

(9) Approval of mortgages for refinancing transactions, regardless of amount.

(10) Cancellation or endorsement due to payment on borrower's notes which have been paid in full in connection with a prepayment made under the provisions of 7 CFR part 1786, subpart F.

(c) Matters concerning borrower facilities, organization, or corporate status:

(1) Agreements between electric borrowers for operation of facilities.

(2) Management and operating agreements between electric borrowers and subsidiary organizations engaged in rural development activities.

(3) Sales and leases of borrowers' capital assets involving transactions in

amounts of \$10,000,000 or less and the related releases of lien.

(4) Use of general funds by a borrower for plant additions in the amount of \$10,000,000 or less, except for facilities subject to power supply surveys or certification by RUS.

(5) Annual review of loan security of power supply borrowers.

(6) Approval as a majority noteholder of employment contracts between a borrower and its general manager.

(7) Wholesale power electric rates in connection with power supply contracts.

(8) Waiver of specified defects in title to property obtained by power supply borrowers.

(9) Interconnection Agreements, Wheeling Agreements, non firm Power Sales or Purchase Agreements requiring a construction expenditure of \$10,000,000 or less.

(10) Firm Power Sale or Purchase Agreements with a duration of 3 years or less, which require a construction expenditure of \$10,000,000 or less.

(11) Participation agreements with other utilities on jointly owned facilities for new transmission, subtransmission or distribution facilities requiring an expenditure of \$10,000,000 or less.

(12) Participation agreements with other utilities on jointly owned facilities for generation modifications to existing plant requiring an expenditure of \$10,000,000 or less.

(13) Any contracts for the acquisition of plant-in-place of \$5,000,000 or less and related financial transactions.

(d) In addition, all authorities conferred upon other persons in §§ 1700.128 and 1700.129.

[59 FR 21624, Apr. 26, 1994, as amended at 59 FR 46724, Sept. 12, 1994]

§ 1700.128 Chief, Operations Branch, Power Supply Division.

The Chief, Operations Branch, Power Supply Division in conformance with applicable Regulations and RUS policy is delegated authority to approve or execute for the electric program:

(a) The following matters dealing with outstanding power supply loans.

(1) Affidavits, certificates, filings, and continuation statements with respect to the recording, filing or renew-

ing of mortgages and deeds of trust, including financing statements under the Uniform Commercial Code of the applicable state.

(2) Municipal and county franchises, licenses, ordinances, and permits to construct or operate facilities obtained by borrowers as required by the mortgage.

(3) Notice of Clearance of RUS loan documents.

(4) Approval of large retail power contracts.

(5) Sales, transfers, and partial releases of liens involving sales of borrowers' capital assets with a value of \$500,000 or less.

(b) The following matters concerning unpaid and outstanding loans:

(1) Financial requirements and expenditure statements when all conditions precedent to the advance of loan funds have been met, no litigation is pending pertaining to the loan, the borrower is not delinquent in its loan payments to RUS, loans guaranteed by RUS and the Administrator has not reserved this authority.

(2) Report of vouchers released.

(3) Concurrent loan fund requisitions.

§ 1700.129 Chiefs, Power Engineering Branches, Power Supply Division.

The Chiefs, Power Engineering Branches, Power Supply Division in conformance with applicable Regulations and RUS policy are delegated authority to approve or execute for the electric program for electric power supply borrowers:

(a) The following matters concerning technical specifications, and borrower facilities and organizational issues for power supply borrowers:

(1) Selection by a borrower of an engineer or architect; plans and specifications, work orders, preliminary design data, plans and profile sheets, and contracts for architectural and all engineering services for facilities requiring RUS approval, and final inventory documents and payments to contractors and architects.

(2) Borrowers' selection of method of construction.

(3) Final statements of engineering fees.

(4) Purchase of generating plant sites.

(5) Technical engineering studies for generation facilities.

(6) Contracts for the construction and purchase of materials and equipment for generation and transmission facilities.

(7) Use of nonstandard specifications, drawings, materials and equipment.

(8) Negotiation in lieu of competitive bidding of borrowers' contracts.

(9) Award of contracts for construction or purchase of materials and equipment with fewer than three bids.

(10) Amendments to power supply contracts or agreements including extensions of time to existing contracts; the addition of new delivery points; and modification of existing delivery points, except where facilities are subject to a power survey or certification by RUS.

(11) Contracts for construction and right-of-way clearing and for the purchase of substation sites with clear title and special types of equipment requiring RUS approval.

(12) Long-range engineering plans.

(13) Borrower environmental reports.

(14) Interchange agreements and similar agreements where no construction is required.

(15) Interconnection agreements where no construction is required.

(16) Construction Work Plan (CWP) approval for G&T borrowers

(b) The following matters pertaining to the generation facilities of distribution borrowers:

(1) Selection by a borrower of an engineer or architect; plans and specifications, work orders, preliminary design data, plans, and contracts for architectural and all engineering services for facilities requiring RUS approval, and final inventory documents and payments to contractors and architects.

(2) Borrowers' selection of method of construction.

(3) Final statements of engineering fees.

(4) Purchase of generating plant sites.

(5) Technical engineering studies for generation facilities.

(6) Contracts for the construction and purchase of materials and equipment for generation facilities.

(7) Use of nonstandard specifications, drawings, materials and equipment.

(8) Negotiation in lieu of competitive bidding of borrowers' contracts.

(9) Award of contracts for construction or purchase of materials and equipment with fewer than three bids.

(10) The borrower's generation portion of the CWP.

§ 1700.130 General Field Representatives—Electric.

The General Field Representatives—Electric in conformance with applicable regulations and RUS policy are delegated authority to approve or execute for the electric program:

(a) Cost estimates and facilities for distribution borrowers' large power applications.

(b) Use of armless or narrow profile construction for distribution in scenic areas or where right-of-way is restricted.

(c) Certificates of completion for distribution and transmission contract construction.

(d) Power requirements and irrigation studies for distribution borrowers:

(1) Without generation facilities;

(2) With an ownership or lease interest in RUS financed generation facilities of less than 40 MW nameplate rating as set forth in "RUS Financed Generating Plants," Information Publication (IP) 200-2, or its equivalent. This publication is available from Publications and Directives Management Branch, Administrative Services Division, Rural Utilities Service, room 0180, South Building, U.S. Department of Agriculture, Washington, DC 20250-1500;

(3) With an ownership or lease interest in RUS financed generation facilities of 40 MW or more, provided the borrower has not received RUS financial assistance for generation capacity of 40 MW or more within 15 years of the borrower's request for RUS approval of its Power Requirements Study; or

(4) That are members of a power supply borrower when the member study is not prepared as part of the power supply borrower's Power Requirements Study.

(e) Amendments to or revisions of previously approved power requirements or irrigation studies for distribution borrowers which are members of a power supply borrower when the amendment or revision is for support of

a new loan application to be submitted by the member prior to RUS's approval of a new power-supply Power Requirements Study.

(f) Distribution facilities in construction work plans including amendments and voltage drop, sectionalizing and power factor studies solely for distribution borrowers.

(g) Long-range financial forecasts prepared for distribution borrowers.

(h) Approval, for distribution borrowers, of large retail power contracts for which the borrower's investment in plant facilities does not exceed 10 percent of total utility plant except for distribution borrowers which are members of an RUS financed power supply borrower which is in default under its loan repayments or whose debt has been restructured.

§ 1700.131 Director, Electric Staff Division.

The Director, Electric Staff Division in conformance with applicable regulations and RUS policy is delegated authority to approve the following:

- (a) Power Requirements Studies for:
 - (1) All power supply borrowers.
 - (2) All members of a power supply borrower when the members' studies were prepared as part of the power supply borrower's Power Requirements Study.
 - (3) Distribution borrowers with an ownership or lease interest in generating facilities of 40 MW or more nameplate rating as set forth in RUS Financed Generating Plants (IP 200-2), or its equivalent, provided the borrower has received RUS financial assistance for generating capacity of 40 MW or more within 15 years of the borrower's request for RUS approval of its Power Requirements Study.

(b) Approval of Integrated Resource Plans for power supply and distribution systems and Demand Side Management plans for distribution systems.

§ 1700.132 Technical Standards Committees "A" and "B"—Electric.

The Technical Standards Committees "A" and "B"—Electric in conformance with applicable regulations and RUS policy are delegated authority to approve for the electric program:

(a) Technical Standards Committee "A"—Electric accepts or rejects all proposals of standard specifications, drawings, material and equipment submitted for acceptance for use in RUS financed electric systems.

(b) Technical Standards Committee "B"—Electric reviews and makes a final decision on cases referred to it by either Committee A or by appeal from a sponsor from an adverse decision made by Committee A.

§§ 1700.133—1700.139 [Reserved]

Subpart J—Delegations of Authority; Telephone Program

SOURCE: 59 FR 21624, Apr. 26, 1994, unless otherwise noted.

§ 1700.140 General.

The delegations in this subpart relating to the RUS telephone program also apply to the Rural Telephone Bank (RTB).

§ 1700.141 General delegations.

The following delegations of authority for the telephone program in this subpart are made by the Administrator.

§ 1700.142 Deputy Administrator.

The Deputy Administrator in conformance with applicable regulations and RUS policy is delegated authority to approve or execute for the telephone program:

(a) Agreements or contracts covering management or operations services between telephone and electric borrowers.

(b) FEDERAL REGISTER notices announcing the availability of final Environmental Impact Statements and the approval of RUS's final Environmental Impact Statements as well as Findings of No Significant Impact (FONSI).

(c) In addition, all authorities conferred upon other persons in § 1700.143.

§ 1700.143 Assistant Administrator—Telephone.

The Assistant Administrator—Telephone in conformance with applicable regulations and RUS policy is delegated authority to approve or execute for the telephone program:

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(a) Loans, loan guarantees and lien accommodations or subordinations of between \$7,500,000 and \$15,000,000 except for those reserved for the Administrator in §1700.73(a).

(b) Loans and loan guarantees with acquisition costs between \$2,000,000 and \$5,000,000.

(c) Loans and loan guarantees with refinancing amounts between \$2,000,000 and \$5,000,000.

(d) Approval of the following matters concerning unpaid and outstanding loans:

(1) Basis date agreements or agreements for extension of advances and related recommendations;

(2) Budget adjustments for loans made by the Administrator and loan budget adjustments amounting to more than \$2,000,000.

(e) Approval of the following concerning borrower facilities, organization or corporate status:

(1) Field trial installations of telephone materials and equipment involving more than \$250,000;

(2) Approval of the purchase price of properties to be acquired by telephone borrowers when the purchase price exceeds RUS approved appraisal value;

(3) Contracts between \$2,000,000 and \$5,000,000 for acquisition by telephone borrowers of existing facilities in place;

(4) Approval of sales of property and related partial releases of lien in amounts greater than \$500,000 up to \$5,000,000;

(5) Approval of the investment in an affiliate which exceeds the allowable distribution level of more than \$50,000;

(6) Action concerning disapproval of the selection of a manager or an attorney by a telephone borrower;

(7) Agreements for the merger or consolidation of RUS telephone borrowers; and

(8) Waiver of mortgage provisions for payments of dividends or other cash distributions, where such excess payments or distributions exceed \$50,000 in any year.

(f) Memoranda to telephone staff or to two or more telephone borrowers.

(g) Reports and invoices for more than \$100,000 under contracts covering research services performed for RUS in

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connection with the telephone program.

(h) Approval of staff instructions affecting only the Telephone Program.

(i) All authorities conferred upon other persons in §1700.144.

§ 1700.144 Deputy Assistant Administrator—Telephone.

The Deputy Assistant Administrator—Telephone in conformance with applicable regulations and RUS policy is delegated authority to approve or execute for the telephone program:

(a) Revisions of the borrower's capital structure by amendment to its charter or bylaws or by issuance of additional shares of stock.

(b) In addition, all authorities conferred upon other persons in §§1700.145 and 1700.149.

§ 1700.145 Regional Directors.

The Regional Directors in conformance with applicable regulations and RUS policy are delegated authority to approve or execute for the telephone program:

(a) The following loans, loan guarantees, and lien accommodations or subordinations except for those approvals reserved by the Administrator in §1700.73(a):

(1) Loans, loan guarantees and lien accommodations or subordinations of \$7,500,000 or less.

(2) Loans and loan guarantees with acquisition costs of less than \$2,000,000.

(3) Loans and loan guarantees containing refinancing for less than \$2,000,000.

(b) The following loan documents and related actions:

(1) Interim financing requests.

(2) Special loan contract conditions, except for changes in such conditions for loans made by the Administrator or the Assistant Administrator.

(3) Waivers of contract conditions for release of funds.

(4) Loan designs.

(5) Characteristics letters to loan applicants setting forth loan requirements proposed for inclusion in pending loan recommendations.

(6) Loan contracts and security instruments, except for loans made by the Administrator.

(c) The following matters concerning outstanding loans:

- (1) Telephone loan fund releases.
- (2) Telephone loan rescissions.
- (3) Loan budget adjustments, except for:
 - (i) Loans approved by the Administrator.
 - (ii) Adjustments greater than \$2,000,000.
- (4) The placement of special controls on the advance of loan funds when it has been determined that loan security may be affected, except when the Administrator has further reserved this authority.
- (5) Advance of loan funds under “special conditional agreements” and special controls when the conditions have been met, except when the Administrator has reserved this authority.
- (6) Lien accommodations or subordinations granted to other parties by RUS or the RTB for amounts of less than \$7,500,000.
- (7) Principal deferments under Section 12 of the RE Act for Rural Economic Development Investments.
- (8) Complete releases of lien and satisfaction when a borrower has paid in full its indebtedness.
- (d) The following matters concerning borrower facilities, organization, and corporate status:
 - (1) Increases in salaries and other compensations to be paid to borrowers’ officers, directors and managers when RUS approval is required under the mortgage.
 - (2) Borrowers’ requests to waive competitive bidding procedures.
 - (3) Award of contracts (bid approval) for construction and central office equipment.
 - (4) Selection by telephone borrowers of force account engineering and construction.
 - (5) Waiver of specified special defects in title and rights-of-way.
 - (6) Field trial installations of telephone materials and equipment involving \$250,000 or less, jointly with Director, Telecommunications Standards Division (TSD).
 - (7) Waiver of mortgage provisions relating to a borrower’s payment of dividends or other cash distributions when such excess payments or distributions do not exceed \$50,000 in any year.

(8) Approval of the investment in an affiliate of general funds that is within the allowable distribution level.

(9) Approval of sales or transfers of property and related partial releases of lien of more than \$100,000 up to \$500,000.

(10) Contracts for acquisition by telephone borrowers of existing facilities in place of less than \$2,000,000.

(11) Approval of employment contracts with the borrower’s general manager.

(12) Use of materials, equipment, and specifications not yet accepted by RUS.

(13) Letters certifying borrowing eligibility for non-borrower telephone organizations seeking financing from the Bank for Cooperatives.

(14) In addition, all authorities conferred upon other persons in §§ 1700.146, 1700.147, 1700.148.

[59 FR 21624, Apr. 26, 1994, as amended at 59 FR 46724, Sept. 12, 1994]

§ 1700.146 Chiefs, Regional Engineering Branches—Telephone.

The Chiefs, Regional Engineering Branches—Telephone in conformance with applicable regulations and RUS policy are delegated authority to approve or execute for the telephone program:

(a) The following matters for unpaid and outstanding loans:

(1) Financial Requirement Statements, RUS Form 481; and

(2) Construction loan budget adjustments except those involving change of loan budget purposes or new or revised administrative findings.

(b) The following matters concerning technical specifications and borrower facilities and organization:

(1) The selection by a borrower of an engineer or an architect and contracts for engineering and architecture services;

(2) Final inventory documents and payments to contractors and engineers;

(3) Statements of final engineering fees;

(4) Borrowers’ proposals and cost estimates for force account engineering and construction;

(5) Plans and specifications for central office equipment, radio, and microwave equipment, garage and warehouse

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buildings and for nonstandard central office equipment buildings;

(6) All major construction contracts. Major construction shall be defined as any project estimated to cost more than \$250,000 in total;

(7) Borrowers' proposals for purchase of additions and modifications to central office equipment;

(8) Borrowers' Environmental Reports; and

(9) Borrowers' Outside Plant Layouts.

(c) In addition, all authorities conferred upon other persons in § 1700.148 (a) and (b).

[59 FR 21624, Apr. 26, 1994, as amended at 59 FR 46724, Sept. 12, 1994]

§ 1700.147 Chiefs, Regional Operations Branches—Telephone.

The Chiefs, Regional Operations Branches—Telephone in conformance with applicable regulations and RUS policy are delegated authority to approve or execute for the telephone program:

(a) The following matters concerning unpaid and outstanding loans:

(1) Affidavits, certificates, filings, and continuation statements with respect to the recording, filing or renewing of mortgages and deeds of trust, including financing statements under the Uniform Commercial Code of the applicable state after clearance when necessary by OGC;

(2) Municipal and county franchises obtained by borrowers from the standpoint of acceptability for RUS loans;

(3) State regulatory body orders and approvals from the standpoint of acceptability for RUS loans;

(4) Special legal fees to be paid by borrowers from loan funds; and

(5) Non-construction loan budget adjustment items, except those involving legal or policy questions or new or revised administrative findings.

(b) The following matters concerning borrower organization or corporate or capital structure:

(1) Certificates regarding a borrower's incorporation and Articles of Incorporation and Bylaws and changes in a borrower's corporate name;

(2) Forms of stock and equity certificates;

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(3) Borrowers' cash sales of material and equipment, excluding property in place, when approval is required and releases of lien and all other documents relating to such sales;

(4) Borrowers' insurance and fidelity coverage;

(5) Borrowers' lease agreements;

(6) Approval, in amounts up to \$100,000 of sales of property and related partial releases of lien;

(7) Purchase or lease of real estate by borrowers; and

(8) Management and operating agreements. When the borrowers involved are in more than one region, both chiefs must approve.

(c) In addition, all authorities conferred upon other persons in § 1700.148(c).

[59 FR 21624, Apr. 26, 1994, as amended at 59 FR 46724, Sept. 12, 1994]

§ 1700.148 General Field Representatives—Telephone.

The General Field Representatives—Telephone in conformance with applicable regulations and RUS policy are delegated authority to approve or execute for the telephone program:

(a) Plans and specifications for RUS standard Form 772, central office buildings, or borrower specific standardized central office building plans and specifications, repeaters, standardized lightwave equipment, subscriber carrier and trunk carrier. Also, outside plant plans and specifications that conform to an approved design.

(b) Outside plant contracts up to \$250,000 and all other construction and equipment contracts less than \$100,000.

(c) Results of the Area Coverage Survey.

§ 1700.149 Director—Telecommunications Standards Division.

The Director—Telecommunications Standards Division in conformance with applicable regulations and RUS policy is delegated authority to approve or execute for the telephone program:

(a) Reports and invoices up to \$100,000 submitted under contracts covering research services performed for RUS in connection with the telephone program.

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(b) Field trial installations of telephone materials and equipment involving \$250,000 or less, jointly with the appropriate regional director.

§ 1700.150 Technical Standards Committees “A” and “B”—Telephone.

The Technical Standards Committees “A” and “B”—Telephone in conformance with applicable regulations and RUS policy are delegated authority to approve for the telephone program:

(a) Technical Standards Committee “A”—Telephone accepts or rejects all proposals of standard specifications, drawings, material and equipment submitted for acceptance for use on RUS financed telephone systems.

(b) Technical Standards Committee “B”—Telephone reviews and makes a final decision on cases referred to it by Committee “A” or by appeal from a sponsor from an adverse decision of Committee “A”.

§§ 1700.151—1700.159 [Reserved]

Subpart K—Delegations of Authority; Financial Services

SOURCE: 59 FR 21624, Apr. 26, 1994, unless otherwise noted.

§ 1700.160 General.

The following delegations of authority in this subpart are made by the Administrator to the Financial Services Staff for assigned loan servicing projects.

§ 1700.161 Program Advisor, Financial Services Staff.

The Program Advisor, Financial Services Staff in conformance with applicable regulations and RUS policy is delegated authority to approve and execute for the Financial Services Staff (FSS):

(a) Approval in amounts of less than \$25,000,000 for:

(1) The use of general funds; or
(2) Sales and transfers of property and related releases of lien.

(b) Disapproval of the selection of a manager or attorney by a borrower.

(c) Power supply contracts and agreements including wholesale power, fuel, interconnections, wheeling, participation agreements, lease agreements for

facilities or properties, and power sales agreements with non-RE Act beneficiaries.

(d) Wholesale power rates.

(e) Contracts for the construction and purchase of materials and equipment.

(f) Retail rate contracts between borrowers and others relating to large power installations.

(g) Additional authorities, as specifically delegated by the Administrator, necessary to effectively resolve troubled borrower situations.

(h) Authority to execute or testify, consistent with USDA Departmental Regulations, on behalf of RUS as follows:

(1) Affidavits and certificates concerning borrowers assigned to FSS.

(2) Testify on behalf of the Agency before regulatory bodies or courts on matters pertaining to borrowers assigned to the FSS.

§ 1700.162—1700.169 [Reserved]

Subpart L—Delegations of Authority; Financial Operations Activities

SOURCE: 59 FR 21624, Apr. 26, 1994, unless otherwise noted.

§ 1700.170 General.

The following delegations of authority in this subpart are made by the Administrator to the Financial Operations Division (FOD).

§ 1700.171 Deputy Administrator.

The Deputy Administrator in conformance with applicable regulations and RUS policy is delegated authority to approve or execute for FOD all authorities conferred upon other persons in this subpart.

§ 1700.172 Director, Financial Operations Division.

The Director, Financial Operations Division in conformance with applicable regulations and RUS policy is delegated authority to approve and execute for FOD:

(a) Standard Form 1151, Nonexpendable Transfer Authorization, for the following activities related to loans made to the Administrator of RUS by

§ 1700.173

the Secretary of Treasury under authority of section 3(a) and 304 of the RE Act:

(1) Advances of principal on notes executed by the Administrator; and

(2) Payment of principal on loans made by the Administrator.

(b) Letters to the Federal Financing Bank (FFB) granting RUS approval to requests from borrowers, which are concurred in by the applicable Regional Director in the Electric or Telephone program for:

(1) Extensions of short-term maturity dates of advances on the specified maturity date;

(2) Prepayment of short-term maturities, including prepayment for the purpose of extending to long-term prior to the scheduled maturity date; and 7

(3) Prepayments of long-term maturities.

(c) Endorsements or assignments on promissory notes or other collateral pledged by borrowers as security for loans, as may be necessary in connection with the return of such documents to borrowers, due to the payment of the obligations in full or in order that the borrowers may institute legal action thereon or in connection therewith and the transmittal to the borrowers of such promissory notes or other collateral pledged by the borrower.

(d) Cancellation or endorsement due to payment on the borrowers' notes which have been paid in full or which are to be returned to borrowers by reason of the cancellation of such notes resulting from the receipt of RUS of funding, renewal or substituted notes and transmittal to the borrower.

(e) Actions concerning borrower loan accounting, computations, procedures and policies.

(f) Liaison responsibility with the Federal Financing Bank, the Department of Treasury.

(g) Liaison responsibility with General Accounting Office (GAO).

(h) In addition, all authorities conferred upon other persons in § 1700.173.

§ 1700.173 Chief, Loans Receivable Branch.

The Chief, Loans Receivable Branch in conformance with applicable regulations and RUS policy is delegated au-

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thority to approve and execute for FOD:

(a) Preparation and forwarding of Energy Resource Conservation (ERC) loan documents to the Office of the General Counsel (OGC).

(b) Preparation and forwarding of basis date agreements to OGC.

§§ 1700.174–1700.189 [Reserved]

PART 1703—RURAL DEVELOPMENT

Subpart A—[Reserved]

Subpart B—Rural Economic Development Loan and Grant Program

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1703.10 Purpose.

1703.11 Policy.

1703.12 Definitions.

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1703.14 Disposition of funds in the sub-account.

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1703.17 Uses of zero-interest loans and grants.

1703.18 Types of projects eligible for grant funding.

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1703.20 Ineligible uses of zero-interest loans and grants.

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1703.24 [Reserved]

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1703.26 [Reserved]

1703.27 Owner's equity in the project.

1703.28 Maximum and minimum sizes of a zero-interest loan or grant application.

1703.29 Terms of zero-interest loan repayment.

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1703.31 Transfer of employment or business.

1703.32 Environmental requirements.

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1703.34 Applications.

1703.35 Section of the application covering the selection factors.

1703.36 Section of the application covering the project description.

1703.37 Section of the application covering the environmental impact of the project.

1703.38–1703.44 [Reserved]

1703.45 Review and analysis of applications.

1703.46 Documenting the evaluation and selection of applications for zero-interest loans and grants.